HAMILTON WETLAND RESTORATION PROJECT COSTS

Prior Approvals (August 2001 Board Item)

Hamilton Non-Federal Share (1998) - Conservancy[1]	$13.8
Total Project Cost - Corps of Engineers 1998 Estimate	$55.2

Revised Cost Estimates

Hamilton Only

Federal Wetland (authorized project)[2]	$41.0
Non-Federal Share – Conservancy	$13.7
Total Hamilton Only	**54.7**

Hamilton and BMKV Combined

Federal Wetland	100.2
Non Federal Share – Conservancy	33.4
Hamilton Wetland Total:	**133.6**
Federal Maintenance Dredging	42.7
Non-Fed Ports	6.4
Total Project Cost	**$182.7**

Total Conservancy Project Cost (33.4 plus 13.7)	47.1
Lands Credit - Conservancy[3]	19.1

Net Cost to Conservancy for *Combined Project*[4] 28

The cost estimates cited above are taken from the General Reevaluation Report (GRR) for the project. Note that the estimates listed above are not calculated in the same fashion as "government estimates" used in the federal contracting process. Rather, the estimates are used to establish the total cost authorized by Congress (called a "Section 902 limit").

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[1] Project Cooperation Agreement authorized by Conservancy June 2001. Source is General Fund. Has been used to fund CEQA and environmental assessment consulting.

[2] See Post Authorization Changes Appendix A, Table A-1 General Reevaluation Report April 2003

[3] subject to a re-appraisal at the time of re-compensation, same as prior, value may change affecting net cost

[4] same as previous note

Exhibit 6: Summary of Project Cost Estimates

With respect to the original 1998 project cost estimate, the Corps recalculated the costs using a more sophisticated analysis, including new factors for sediment offloading and a consideration of the project‘s integration with the total Corps dredging program. While the overall project increases in cost, the proportional cost goes down due to an economy of scale. Also, with the addition of the BMK property, the Conservancy will receive a land credit toward the total project cost, thereby leveraging its investment in the property. So for the combined project, the total cost out-of-pocket to the Conservancy would be $23.7 million vs. $13.8 million for the Hamilton project alone, a 1.7 times cost increase. However the total project acreage would be increased 2.6 fold[5]

Funding is provided to the Corps of Engineers on an annual basis over the period of project design and construction phases, as well as a 13-year monitoring and adaptive management period. The Project Cooperation Agreement (PCA) between the Conservancy and Corps of Engineers, approved in June 2001 and signed in April of 2002, encumbered the remaining Hamilton Wetlands appropriation, totaling $12.85 million. An additional $1.02 million was also reserved to secure the entire non-federal cost share of $13.8 million. Federal funds are appropriated annually. In fiscal year 2004/05 the Corps received an $8 million appropriation; however, the proposed budget for next fiscal year (2005/06) specifies $13 million. This level may be increased or decreased depending upon the project need and Congressional budgetary actions.

The Army parcel was acquired through a no-cost public benefit conveyance on October 1, 2003. Funding for design and construction of the project has been appropriated to the Conservancy specifically for use in this project and has committed toward the Conservancy’s share of project costs in the PCA as well as funding several minor consulting contracts. The Conservancy’s General Fund appropriation, $13.8 million, was based on the 1998 estimated total project cost of $55,238,123.00. This General Fund appropriation has been used to pay the non-federal share, advance payments to the Corps in order to maintain, and in some cases accelerate, project schedule. Approximately $1.6 million will be expended in 2004 and 2005 in grants to the Novato Sanitary District to carryout the rebuilding of its dechlorination station. This is a required relocation pursuant to the PCA and as such is the sole responsibility of the Conservancy.

[5] this from total project acreage, actual restored areas would be less due to inclusion of levee footprints, existing salt perimeter marshes etc.